DESCRIPTION OF BILLS

(H.R. 4489, H.R. 4934, AND H.R. 4975)

RELATING TO PROMOTION OF DOMESTIC URANIUM MINING AND FINANCING OF URANIUM ENRICHMENT AND MILL TAILINGS RECLAMATION

Scheduled for a Hearing

Before the

COMMITTEE ON WAYS AND MEANS

on August 10, 1988

Prepared by the Staff

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INTRODUCTION

The House Committee on Ways and Means has scheduled a public hearing on August 10, 1988, on bills relating to promotion of domestic uranium mining and financing of uranium enrichment and uranium mill tailing reclamation. These bills include H.R. 4489 (Mr. Richardson, et. al.), H.R. 4934 (Mr. Richardson and Mr. Hubbard), and H.R. 4975 (Mr. Nielson, et. al.).[1] H.R. 4489, other than Title I thereof (uranium revitalization), is identical to S. 2097, which was passed by the Senate on March 30, 1988.[2] H.R. 4934 and H.R. 4975 are virtually identical.

These bills would establish a Federal fund to assist in financing of reclamation and other remedial action at currently active uranium and thorium processing sites, and would establish a wholly owned government corporation to operate the Federal uranium enrichment program as a continuing, commercial enterprise. In addition, these bills would promote the domestic uranium mining industry either by imposing a charge on foreign uranium contained in nuclear reactor fuel assemblies or by authorizing funds for the purchase of domestic uranium by the Federal Government.

This document,[3] prepared by the staff of the Joint Committee on Taxation, provides background and a summary description of the bills and related issues before the Committee on Ways and Means.

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[1] These bills have been referred jointly to the House Committees on Energy and Commerce; Interior and Insular Affairs; Science, Space, and Technology; and Ways and Means. The Energy and Commerce Subcommittee on Energy and Power held a hearing on H.R. 4489, H.R. 4934, and H.R. 4975, on July 28, 1988, and has another hearing scheduled on August 10, 1988. The Interior and Insular Affairs Subcommittee on Energy and the Environment held a hearing on H.R. 4489 on June 28, 1988.

[2] S. 2097 was reported by the Senate Committee on Energy and Natural Resources on February 25, 1988 (without written report). A predecessor bill (S. 1846) was reported by the Senate Committee on Energy and Commerce on November 4, 1987 (S. Rept. 100-214). S. 1846 included related provisions from S. 1084 and S. 1100.

[3] This document may be cited as follows: Description of Bills (H.R. 4489, H.R. 4934, and H.R. 4975) Relating to Promotion of Domestic Uranium Mining and Financing of Uranium Enrichment and Mill Tailings Reclamation (JCX-23-88), August 5, 1988.

I. SUMMARY

H.R. 4489, H.R. 4934, and H.R. 4975 would (1) promote the domestic uranium mining industry, (2) subsidize the cleanup of mine tailings at active mine sites, and (3) create a 100-percent federally owned United States Enrichment Corporation which would assume certain uranium enrichment activities of the Department of Energy.

Promotion of domestic uranium mining industry

H.R. 4489 would assess a mandatory charge on utilities with nuclear power plants, collected by the Secretary of Energy, based on the percentage of foreign uranium contained in new fuel assemblies loaded during a calendar year. In effect, this charge would operate as a tariff on foreign uranium.

H.R. 4934 and H.R. 4975 would require the Federal Government to purchase $750 million of domestic uranium.

Cleanup of uranium mill tailings

Each of these bills would establish a fund in the Treasury which would be used to subsidize up to two-thirds of the cost or reclamation, decommissioning, and other remedial action with respect to mill tailings accumulated as of the date of enactment at active mine sites. Reclamation of mill tailings produced after the date of enactment would not be covered.

The fund would be financed by (1) contributions from participating owners of active mine sites (all such contributions would be refundable with interest); (2) contributions voluntarily made by States containing active sites; (3) amounts from general revenues (or the U.S. Enrichment Corporation); and (4) a mandatory fee per kilogram of uranium contained in fuel assemblies initially loaded into civilian nuclear reactors.

Uranium enrichment

Each of the bills would establish a wholly owned government corporation known as the United States Enrichment Corporation. This Corporation would would assume certain uranium enrichment activities currently conducted by the Department of Energy.

II. BACKGROUND AND PRESENT LAW

Uranium mining and enrichment

Uranium ore has insufficient amounts of U_{235} to be useful to commercial or military nuclear reactors. To create nuclear fuel, the uranium must be enriched. At present enriched uranium used by noncommunist countries comes from four sources: the U.S. Department of Energy ("DOE"); Eurodif (a consortium established by the French, Italian, Spanish and Belgian governments); Eurenco (a consortium established by the British, Dutch, and West German governments); and the Soviet Union. No private firms enrich uranium.

Congress makes annual appropriations to DOE to fund construction, operation, and research activities related to uranium enrichment. DOE has enrichment facilities in Oak Ridge, Tennessee; Paducah, Kentucky; and Portsmouth, Ohio. These facilities only enrich uranium for commercial and military nuclear reactors. DOE operates separate facilities to produce weapons grade plutonium. The facility in Oak Ridge currently is out of production due to insufficient demand, and is in the process of being decommissioned. Construction was begun on a gas centrifuge enrichment plant next to the existing plant in Portsmouth, but it was never completed.

Prior to the 1950s, the United States imported most of its uranium ore from abroad. To spur domestic mining, the Atomic Energy Commission ("AEC") instituted a program of purchase and price guarantees and bonuses. In 1967, the AEC stopped buying foreign uranium. In 1970, having built a stockpile, the AEC stopped buying uranium altogether. The Atomic Energy Act permits DOE to impose import restrictions if they are necessary to ensure the viability of the domestic uranium industry. The Atomic Energy Act does not specifically permit charges on foreign uranium.

Prior to 1964, all enriched nuclear material in the United States was owned by the Federal government. In 1964, the Congress amended the Atomic Energy Act to permit private ownership of enriched uranium for foreign and domestic utilities. DOE enriches foreign uranium for both domestic and foreign utilities. DOE currently produces approximately 50 percent of the enriched uranium used by noncommunist countries.

Uranium mill tailings

Uranium mill tailings are the wastes remaining after uranium has been extracted from uranium ore. Mill tailings contain low concentrations of naturally occurring radioactive materials and emit radon gas.

In 1978, the Congress enacted the Uranium Mill Tailings Radiation Control Act. That law requires that the mill tailings at 24 designated inactive sites[4] be cleaned up by DOE with the Federal government paying 90 percent of the cost and the State where the site is located paying the remainder.

Present law makes the cleanup of active sites the responsibility of the site owner. The Nuclear Regulatory Commission and the Environmental Protective Agency are to establish regulations to provide for the reclamation of these sites. Posting of a bond to ensure that the operator will have adequate resources to clean up the site is a requirement to obtain an operator's license.[5]

Tax rules.--Under special tax rules (Code secs. 468 and 468A) certain costs of coal mine and waste disposal site reclamation and nuclear power plant decommissioning may be deducted prior to the time that the reclamation or decommissioning work is performed. These provisions are an exception to the general rule which prohibits the accrual of an expense prior to the time economic performance occurs (Code sec. 461(h)).

Importation of uranium

Under Article 21 of the General Agreement on Tariffs and Trade ("GATT"), a contracting party may restrict imports of fissionable materials "... which it considers necessary for the protection of its essential security interests."

Section 232 of the Trade Expansion Act of 1962 provides relief where imports are found to threaten national security.

Under section 161(v) of the Atomic Energy Act, added in 1964, the Federal government is prohibited from enriching foreign uranium for domestic use if such importation would threaten the viability of the domestic uranium mining industry. Between 1966 and 1983 enrichment of foreign uranium for domestic use was completely or partially restricted pursuant to section 161(v).

Section 170B of the Atomic Energy Act requires the Secretary of Energy to report to the Congress and the President, for years 1983 to 1992, a determination of the

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[4] These sites were defined in the Act and were no longer producing uranium at the time of enactment.

[5] In 1981, in an amendment to the national security and military applications provisions of the Nuclear Energy Authorization Act, Congress expressed an interest in assisting in the reclamation of active sites.

viability of the domestic uranium industry and whether imported uranium is a threat to the domestic industry. If the Secretary determines that imported uranium threatens the viability of the domestic industry, the U.S. Trade Representative is required to request that the U.S. International Trade Commission initiate an investigation under section 201 of the Trade Act of 1974. Section 201 is intended to provide temporary relief to domestic industries seriously injured by increased imports.

At the request of the Secretary of Energy on September 26, 1985, the U.S. Trade Representative examined whether an investigation under section 201 should be initiated. The Trade Representative, on December 26, 1985, recommended against initiation of a section 201 investigation for three reasons: (1) the uranium industry's problems appear to be primarily a result of reduced demand rather than imports; (2) the industry's problems are long term because of the comparative advantage of Canadian and Australian producers with higher quality ore; and (3) short-term import relief would be inadequate to restore the viability of the domestic industry. The U.S. Trade Representative also noted that uranium for military uses is not at issue, and that the principal source of imports is Canada, an immediate neighbor and longtime stable ally.

U.S.-Canada Free-Trade Agreement.--The United States-Canada Free-Trade Agreement Implementation Act of 1988, H.R. 5090, was introduced by Mr. Foley on July 26, 1988 and referred to 8 committees including Ways and Means. All 8 committees have reported the bill. Section 305(b) of the Agreement would amend section 161(v) of the Atomic Energy Act to exempt Canada from any restriction on the enrichment of foreign uranium for domestic use. Imposition of a tariff or similar charge on Canadian uranium apparently would be in violation of this proposed agreement.

III. DESCRIPTION OF BILLS

A. H.R. 4489 (Mr. Richardson, et. al.)

Revitalization of U.S. uranium industry

For calendar years 1988 through 1994, H.R. 4489 generally would require any licensee of a civilian nuclear power reactor to pay charges of $200 to $500 per kilogram of foreign uranium that exceeds 37.5 percent of the weight of the uranium used in new fuel assemblies loaded during the calendar year. For calendar years 1995 through 2000, the schedule of charges would apply to foreign uranium that exceeds 50 percent of the weight of the uranium used in new fuel assemblies loaded during the calendar year. Such charges would be assessed and collected by the Secretary of Energy. Any charges collected by the Secretary of Energy would be deposited in the general fund of the Treasury.

H.R. 4489 would restrict most Federal purchases of uranium to domestic sources, except that this restriction would not apply to the Tennessee Valley Authority. In addition, H.R. 4489 would restrict the use of existing U.S. uranium inventory.

Remedial action for uranium and thorium mill tailings

H.R. 4489 would establish a Uranium Mill Tailings Fund ("Tailings Fund") as a separate fund within the Treasury. Amounts in the Tailings Fund would consist of: (1) contributions from owners or licensees of active sites who elect to participate in reclamation, decommissioning, and other remedial action through the Tailings Fund; (2) a contribution of $300 million by the Federal Government; (3) mandatory fees imposed on licensees of civilian nuclear power reactors for the years 1989 through 1993; and (4) interest earned on sums in the Tailings Fund. The Tailings Fund may also receive contributions from States in which active sites are located, but such State contributions are not mandatory.

The Secretary of Energy would disburse available amounts from the Tailings Fund as partial reimbursement to electing owners or licensees of certain active sites for the costs of remedial action associated with existing mill tailings at those sites.[6] The Tailings Fund would be used to reimburse owners or licensees for the costs of remedial action up to $4.50 per ton of mill tailings, as adjusted for inflation. Contributions to the Tailings Fund made by an electing owner

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[6] The term "tailings" refers to wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content.

or licensee of an active site, plus interest thereon, would be applied either toward the reimbursement of such owner or licensee for the cost of reclamation, decommissioning, and other remedial action at such site, or would be refunded to the owner or licensee.[7] Owners or licensees of active sites would not be entitled to any reimbursement for the costs of remedial action associated with mill tailings generated after the date of enactment.

Thorium mill tailings.--The bill would authorize Federal expenditures for cleanup of thorium mill tailings at sites involving sales to the Federal Government. The authorization is limited to such sums as are necessary to pay for cleanup of tailings arising from the production of thorium for the Federal Government.

Establishment of United States Enrichment Corporation

The bill would establish the United States Enrichment Corporation (the "Corporation") as a wholly owned government corporation. The Department of Energy would transfer existing uranium enrichment facilities, assets and liabilities to the Corporation.[8] The Corporation would operate facilities for uranium enrichment on a commercial basis, and market and sell enriched uranium and related services.

The management of the Corporation would be vested in an Administrator, appointed by the President for a six-year term, by and with the advice and consent of the Senate. An Advisory Board consisting of five members would review the Corporation's policies and performance and advise the Administrator on these and other matters. Members of the Advisory Board would be appointed by the President and would have staggered five-year terms.

Under the bill, the Corporation would issue capital stock to the United States (to be held by the Secretary of the Treasury) representing an equity investment equal to the book value of the assets transferred to the Corporation.

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[7] It is unclear whether electing owners and licensees would be currently taxable on interest earned on contributions made to the Tailings Fund or whether amounts contributed to the Tailings Fund would be deductible at the time such contributions are made.

[8] Under normal tax law principles, a corporation receiving assets in a tax-free transaction takes a carryover basis in such assets which would, in general, be equal to the amount paid by the transferee for such assets less the amount which would have been allowable as a deduction for depreciation.

The Corporation would pay dividends on the capital stock into the Treasury. The bill would also require the Corporation to repay $364 million to the Treasury (the "initial debt") over a 20-year period. The bill specifies that the receipt by the United States of the capital stock of the Corporation together with repayment of the initial debt would constitute the sole recovery by the United States of previously unrecovered costs incurred by the United States for uranium enrichment activities prior to enactment.

The bill would authorize the Corporation to issue and sell bonds to the general public in an amount not exceeding $2.5 billion. The bonds issued by the Corporation would not be obligations of the United States and payments of principal and interest thereon would not be guaranteed by the United States. The principal and interest on the bonds would be payable from the revenues of the Corporation. The Corporation could not issue or sell any bonds to the Federal Financing Bank.

The bill provides that the Corporation would establish prices and charges for its products, materials and services that would, over the long term, recover the costs of performing and maintaining corporate functions (including research and development, depreciation of assets, decontamination and decommissioning, and repayment of the initial debt and other obligations of the Corporation) and generate profits consistent with the maintenance of the Corporation as a continuing, commercial enterprise.

The bill provides that the Corporation would be audited each year and that the Corporation would prepare annual reports.

The bill provides that the Corporation would be exempt from State and local taxes on its real and personal property, activities and income. The Corporation is authorized and directed, however, to make payments to State and local governments as provided in the bill. The Corporation would not be exempt from Federal tax.

The bill would establish the Uranium Enrichment Decontamination and Decommissioning Fund (the "Decommissioning Fund") as an account of the Corporation in the United States Treasury to pay for the costs of decontaminating and decommissioning properties of the

Corporation. The Corporation would make annual deposits to the Decommissioning Fund in amounts equal to the costs of decontamination and decommissioning that have been recovered during each year by the Corporation in its prices and charges.[9]

Effective date

Except as otherwise provided, the provisions of the bill relating to uranium revitalization and remedial action would be effective upon the date of enactment. The provisions of the bill relating to the United States Enrichment Corporation generally would be effective on the day following the end of the first full fiscal year quarter following enactment.

B. H.R. 4934 (Mr. Richardson and Mr. Hubbard) and H.R. 4975 (Mr. Nielson, et. al.)

Revitalization of U.S. uranium industry

H.R. 4934 and H.R. 4975 would establish the Uranium Revitalization Fund (the "Revitalization Fund") as a separate fund within the Treasury. Amounts in the Revitalization Fund would consist of: (1) contributions from owners or licensees of certain uranium processing sites and certain real property in the vicinity of such sites ("active sites") who elect to participate in reclamation, decommissioning, and other remedial action through the Revitalization Fund; (2) contributions of $90 million per year over five years by the United States Enrichment Corporation (the "Corporation"), a corporation to be established by the bills; (3) mandatory fees imposed on licensees of civilian nuclear power reactors up to $1 billion; and (4) interest earned on sums in the Revitalization Fund. The Revitalization Fund may also receive contributions from States in which active sites are located, but such State contributions are not mandatory.

H.R. 4934 and H.R. 4975 would repeal an existing statute that prohibits domestic enrichment of foreign uranium ore when the domestic uranium mining industry does not meet established criteria for market viability.

Priority for expenditures and disbursements from the Revitalization Fund would be given to the purchase by the Secretary of Energy of $750 million of domestic uranium over a six-year period, as outlined in the bills.

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[9] It is unclear whether the Corporation would be currently taxable on interest earned on deposits made to the Decommissioning Fund or whether amounts deposited in the Decommissioning Fund by the Corporation would be deductible at the time such deposits are made.

H.R. 4934 and H.R. 4975 would (1) restrict the use of existing U.S. uranium inventory and would prohibit its sale, (2) provide that uranium purchased by the Secretary of Energy with amounts from the Revitalization Fund would be property of the Corporation and would restrict the use of such uranium by the Corporation, and (3) restrict the use by the Corporation of uranium in which the quantity of the U_{235} isotope had been depleted in the enrichment process ("enrichment tails"). The bills would also provide that in no event shall the use of uranium, as restricted above, decrease the demand for natural uranium by U.S. utilities in comparison to the demand that would exist in the absence of such use.

Remedial action for uranium and thorium mill tailings

H.R. 4934 and H.R. 4975 have essentially the same provisions as H.R. 4489 concerning remedial action, except that H.R. 4489 does not establish the Tailings Fund. Instead, the Secretary of Energy would disburse available amounts from the Revitalization Fund as partial reimbursement to electing owners or licensees of certain active sites for the costs of remedial action associated with existing mill tailings at those sites.

Establishment of United States Enrichment Corporation

H.R. 4934 and H.R. 4975 have essentially the same provisions as H.R. 4489 concerning the establishment of the United States Enrichment Corporation, except that out of each $90 million payment made by the Corporation to the Revitalization Fund over five years, $60 million will be credited against payments owed to the Treasury on the initial debt.

Effective date

H.R. 4934 and H.R. 4975 have essentially the same effective dates as H.R. 4489.

IV. ISSUES

A. Increasing Demand for Domestic Uranium

Each of the bills proposes to increase the demand for domestically mined uranium. H.R. 4934 and H.R. 4975 would establish a Federal fund, part of the proceeds of which would be used to purchase domestically mined uranium. H.R. 4489 would impose charges on domestic utilities that use foreign-source uranium in new fuel assemblies loaded in their nuclear reactors.

H.R. 4934 and H.R. 4975

H.R 4934 and H.R. 4975 require the Secretary of Energy to purchase $750 million of uranium domestic producers between 1989 and 1994.[10] The additional uranium purchased is to be permanently held off the market by requiring that it be used to "overfeed" the uranium enrichment process or to preproduce enriched uranium.[11] Increasing the demand for domestic uranium will increase the prices and net income domestic producers receive for their product. Mining employment probably would increase. However, the purchase of uranium subsidizes the domestic uranium industry which might provoke complaints from trading partners.

Increasing the demand for domestic uranium increases the demand for all uranium. It can be expected that the price of foreign uranium will increase as well. Consequently, some of the benefit of the uranium purchases will flow abroad.

Most regulatory authorities permit the pass through of increased fuel costs. As a result, the increased price of uranium ultimately would lead to higher electricity costs for both individuals and business. Moreover, the uranium which is purchased is to be used to overfeed the enrichment process. At current prices, overfeeding is more costly than

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[10] $80 million of the scheduled 1989 purchases are set aside for purchases from small producers (net assets less than $200 million). Purchases are to be limited to no more than one million pounds of domestic uranium per domestic producer per year unless it is necessary to violate this limit to achieve the annual aggregate purchase goal.

[11] Uranium ore needs to be enriched to be suitable for use in a nuclear reactor. The enrichment process requires large amounts of electricity, but using more uranium can substitute for some electricity. Overfeeding occurs when uranium is substituted for electricity. At current prices for uranium and electricity, overfeeding is more costly than not overfeeding.

not overfeeding, so the enriched product will be more expensive than otherwise.

The temporary increase in demand which results from the uranium purchase program may not insure the long-run viability of the domestic uranium industry. The short run increase in the price of uranium could cause domestic and foreign producers to develop additional capacity resulting in long-run oversupply and depressed future prices. Moreover, the proposal could induce domestic producers to mine their most readily accessible reserves, making future mining efforts more expensive.

H.R. 4489

H.R. 4489 attempts to increase domestic demand by curbing utilities' use of foreign uranium. This would be accomplished by assessing a charge on the use of foreign uranium. The charge begins at a level of $200 per kilogram if the percentage of foreign uranium which a utility uses is between 37.5 and 55 percent of its total annual uranium consumption. The charge increases to $500 per kilogram if the utility's consumption of foreign uranium exceeds 80 percent of its total annual uranium consumption.

By making foreign uranium more expensive, the bill would increase demand for domestic uranium. This would increase the price of domestic uranium and the net income of domestic producers. Concomitantly, domestic mining employment should increase.

The charges on foreign uranium could create inequities. Because the charges assessed on the use of foreign uranium increase with the percentage rather than the amount of foreign uranium used, it is possible that a utility with a small reactor could pay more in charges than a utility with a large reactor, even though the larger utility actually uses more foreign uranium. In addition, the discriminatory charges on foreign uranium could cause frictions with our trading partners.

As with the proposals to purchase domestic uranium, the price increase on uranium ultimately will find its way to individuals and businesses in the form of higher electricity rates.

B. Reclamation of Uranium Mine Tailings

As a result of the presence of radon gas and other radioactive materials, uranium mill tailings present a potential threat to the environment and public health. Controlling these hazards through reclamation imposes costs on society. Present law requires that the mining companies bear these costs. H.R. 4489, 4934, and 4975 would require

that nuclear utilities and the Federal Government, either directly or through its ownership of the U.S. Enrichment Corporation, share these costs.

Under present law, the liability of the mining companies for future reclamation is perceived as a cost of the mining business and recovered in the price charged for uranium ore. In this way, utilities and the Federal Government ultimately share in the cost of reclamation to the extent that they consume uranium. However, if foreign producers are not required to reclaim mine tailings, the increase in domestic prices could lead to greater import penetration.

The bills would require mining companies to contribute to a reclamation fund: this cost probably would be reflected in the price the Federal Government and utilities would pay for uranium. The bills also would require utilities to contribute to a reclamation fund based upon the amount of uranium they consume and the Federal Government to contribute amounts which are unrelated to its uranium consumption. Thus it is likely that the ultimate sharing of the costs of reclamation will be different than under present law.

In addition, each of the bills requires that the Federal government pay interest on the monies contributed to the fund. If on January 31, 1994 (H.R. 4934, H.R. 4975) or January 31, 1996 (H.R. 4489), and annually thereafter, the Secretary of Energy determines that the fund contains excess reserves, those excess monies may be refunded. Under H.R. 4489, the refunds would go first to the mining companies, then to any State which contributed to the fund, and last to the U.S. Treasury. Under H.R. 4934 and H.R. 4975, the refunds would go first to the mining companies, then to any State which had contributed to the fund, then to the purchase of more domestic uranium, and last to utilities. Refunds to the utilities or the Federal Government would not bear any relationship to initial contributions.

C. Creation of the United States Enrichment Corporation

Each bill would take the uranium enrichment administrative offices and those production facilities which currently are operated by the DOE and transfer them to the newly created United States Enrichment Corporation ("USEC"). USEC would be wholly owned by the Federal government with authority to issue non-guaranteed debt.

USEC would be free to pay dividends to the U.S. Treasury or retain earnings for future investments. As a corporation it would not be subject to the annual appropriations process. This would give it the flexibility to borrow to make investments as it deems appropriate, unencumbered by the budget process. As a corporation, USEC might be able to generate certain administrative savings. This might enable

USEC to enrich uranium less expensively than the DOE. USEC also would gain pricing flexibility which is unavailable to DOE. However, the important process of uranium enrichment would be subject to less Congressional oversight.

Because its debt would carry no Federal guarantee, any borrowing USEC undertakes to build new facilities would be at a higher interest cost than if DOE undertook the same project. However, the credit market probably would recognize the role of the Federal Government behind USEC in the credit ratings of their obligations. Consequently, the cost of USEC's debt probably would be lower than that of most private corporations. This low interest cost carries with it potential risk to the Federal Government. There may be a contingent liability imposed on the government by such issues, despite any disclaimer, which is viewed as a moral obligation of the Federal Government. Failure to rescue USEC in the event of a possible default probably would jeopardize the current, high credit rating of all other government sponsored enterprises such as the Federal National Mortgage Association, the Government National Mortgage Association, and the Farm Credit System Insurance Corporation.

USEC would not represent true privatization because the Federal Government would be the sole shareholder and probably would be perceived as standing behind USEC's debt. However, the world market for uranium enrichment services hardly can be characterized as a private market since the other three suppliers to noncommunist countries are government owned.